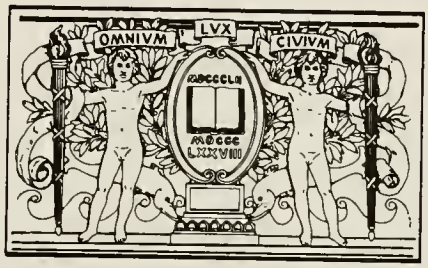

PRELIMINARY ANALYSIS

OF

SOUTH STATION PROJECT

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INVESTMENT ANALYSIS

	Project Cost	Equity Investment[1]	Cash Flow	Return on Investment
Motor Hotel	$10,667,000	$ 2,667,000	$ 8,451	.3%
Office Building	24,318,000	6,078,000	698,000	11.5%
Retail Space	16,536,000	4,136,000	665,000	16.1%
Parking Facility	13,168,000	3,292,000	34,000	-
Transportation Center	6,071,000	1,518,000	(112,000)	-
	$70,760,000	$17,691,000	$ 1,293,451	7.3%

[1] Equity Investment - assumes 75% financing

CASH FLOW ANALYSIS

	Pre-Debt Service/Cash Flow	Debt Service[1]	Cash Flow
Motor Hotel	$ 782,451	$ 774,000	$ 8,451
Office Building ($10 Rental)	2,464,000	1,766,000	698,000
Retail Space	1,865,000	1,200,000	665,000
Parking Facility	990,000	956,000	34,000
Transportation Center	329,000	441,000	(112,000)
	$ 6,430,451	$ 5,137,000	$ 1,293,451

[1]Debt Service - 25 year 8 1/2 percent mortgage for 75 percent of the project cost.

MOTOR HOTEL

The results of our marketing studies indicate a demand for a high quality economy motor hotel with approximately 450 rooms. The hotel would be a member of a national franchise chain such as Quality Hotels, TraveLodge or Holiday Inn.

It is anticipated that a motel of this type could achieve an annual occupancy of 75 percent with a $20 average daily room rate. This rate is higher than the majority of economy hotels, but less than the newer facilities.

The economic analysis assumes the hotel on a net lease, with rent equal to 25% of room revenue plus 10% of food and beverage. We have assumed a $20 average room rate and 75% occupancy. To this we applied the appropriate extras for food and beverage income, which is based on figures from Holiday Inn Hotels. This yields a total of $783,000 on a net lease basis.

This analysis does not include the use generated by a sports arena.

	Gross Revenues	Lease Income
Room Revenue	$2,463,750	$615,937
Food Revenue	934,525	93,452
Beverage Revenue	730,629	73,062
	$4,128,904	$782,451

OFFICE BUILDING

For purposes of our analysis we have used office space of 500,000 gross floor area. Our analysis includes the following assumptions:

1) Gross area of 500,000 square feet.

2) Net rentable area - 88% of gross.

3) 95% occupancy.

4) Operating expenses-$2.00 per square foot.

5) Taxes - 20% of gross revenue.

Set forth below is a comparison of revenues based on $8 and $10 rental rates.

	$10/s.f.		$8/s.f.	
Rentals	$4,400,000		$3,520,000	
Less 5% Vacancy	220,000		176,000	
Total Rental		$4,180,000		$3,344,000
Expenses				
Operating & Maint. $2.00/ s.f.	880,000		880,000	
Taxes - 20 percent	836,000		668,800	
		1,716,000		1,548,800
Net Revenues		$2,464,000		$1,795,200

RETAIL SPACE

Our analysis of retail space is based on the following assumptions:

1) A gross floor area of 420,000 square feet.

2) Rental area equal to 85% of gross or 357,000 s.f.

3) Average net rentals of $5.50/s.f. - based on Gladstone Report of February 20, 1970.

4) Occupancy of 95% of rentable area.

RETAIL REVENUE

Average Rental @ $5.50/s.f.	$1,963,500
Revenues with 95% Occupancy	$1,865,000

TRANSPORTATION CENTER

The only significant income from the transportation activities would be from the Bus Terminal. Gladstone's Report of 2/20/70 estimates gross revenue of $1,056,000 and operating expenses of $516,000. If we assume similar tax treatment of 20% of gross revenues, or $211,000, net operating revenue would be $329,000.

PROJECT COST ANALYSIS

	CONSTRUCTION	MISCELLANEOUS CONSTRUCTION[1]	LAND[1]	OTHER NON-CONSTRUCTION	TOTAL PROJECT COST
MOTOR HOTEL 450 Rooms	$ 8,100,000	$ 616,000	$ 539,000	$ 1,412,000	$10,667,000
OFFICE BUILDING 500,000 sq. ft.	17,500,000	1,336,000	1,169,000	4,313,000	24,318,000
RETAIL 420,000 sq. ft.	12,180,000	932,000	815,000	2,609,000	16,536,000
PARKING 2500 stalls	10,000,000	760,000	665,000	1,743,000	13,168,000
CONCOURSE AND TERMINAL	4,600,000	356,000	312,000	803,000	6,071,000
TOTAL	$52,380,000	$4,000,000	$3,500,000	$10,880,000	$70,760,000

[1] Land and Miscellaneous Construction Costs allocation based on percentage of total construction costs

CONSTRUCTION COSTS

	Size	Unit Cost	Total
MOTOR HOTEL	450 Rooms	$18,000	$ 8,100,000
OFFICE	500,000 s.f.	$35	$17,500,000
RETAIL	420,000 s.f.	$29	$12,180,000
PARKING	2,500 Spaces	$4,000	$10,000,000

CONCOURSE & TERMINAL

Concourse	40,000 SF @ 25	$1,000,000	
Taxi	48,000 SF @ 8	384,000	
Bus	360,000 SF @1.50	540,000	
Great Space	80,000 SF @ 20	1,600,000	
Roof	40,000 SF @ 27	1,080,000	
			$ 4,604,000

MISCELLANEOUS CONSTRUCTION COSTS (Site, Basement 200,000 SF @ 20)	$ 4,000,000

NON-CONSTRUCTION COSTS

	Basic	Retail	Office
Arch. & Eng.	3.0	3.0	3.0
Legal	.2	.2	.2
G & A	.2	.2	.2
Interest (8.5% - 2 years)	10.6	10.6	10.6
Financing	.2	.2	.2
Taxes	2.0	2.0	2.0
Giveaways	-	-	3.0
Commissions	-	3.0	3.0
Start-Up	-	.5	.5
Advertising	-	.2	.2
	16.2%	19.9%	22.9%

Non-Construction Costs = above percentage times total construction cost allocated to item.